

Legal Assistance Resource Center ❖ of Connecticut, Inc. ❖

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S.B. 1212 -- Post-foreclosure tenant protections

Judiciary Committee public hearing -- March 25, 2011

Testimony of Raphael L. Podolsky

Recommended Committee action: APPROVAL OF THE BILL

This bill addresses the serious impact that foreclosure has had on urban neighborhoods by discouraging the routine creation of vacant buildings with rental units after a foreclosure. In particular, it provides that a tenant who lives in a building that is foreclosed may remain in occupancy during the time period that the foreclosing party owns the building unless that party has entered into a bona fide sales contract with a buyer who has required that the building be vacant as a condition of sale. The bill preserves existing state provisions that a tenant with a written lease who wants to move is allowed 60 days after the transfer of title in which to move (30 days for a tenant without a written lease) and preserves the ability to evict for cause. Under the bill, these provisions remain subordinate to existing state laws that provide more protection for tenants (e.g., C.G.S. 47a-23c, for which change of title by foreclosure is not a permissible reason at any time for eviction of elderly or disabled residents in buildings with five or more units). They also remain subordinate to the federal Protecting Tenants at Foreclosure Act, which effectively preempts the state 30/60-day time periods by guaranteeing tenants the longer of 90 days or until the end of their lease before they can be required to move after a foreclosure.

- **Neighborhood impact:** The bill is intended to counter the common practice by banks of routinely emptying buildings of tenants as soon after foreclosure as they are legally permitted to do so. This has had a severe negative impact, particularly in urban neighborhoods that have been hard-hit by foreclosure. Vacant buildings are sometimes vandalized and stripped. Both the vacancy itself and the related damage to the property devalue other properties in the neighborhood and drive out other property owners. Maintenance of occupancy by existing tenants who want to stay can prevent some of these adverse consequences of foreclosure for the neighborhood.
- **Subsequent owners:** The bill restricts only the foreclosing party. It does not restrict subsequent purchasers of the property.
- **Grounds for eviction:** The bill does not preclude eviction of the tenant for cause, which includes non-payment of rent. Nor does it prevent the bank from making a "cash for keys" offer in accordance with C.G.S. 47a-20f.
- **Other states:** The bill is similar in concept to a statute adopted by Massachusetts last year. It is much weaker than existing law in states such as New Jersey, which has a general just cause eviction law under which neither the foreclosing party nor subsequent owners can ever evict based on transfer of title by foreclosure.